

Message Text

LIMITED OFFICIAL USE

PAGE 01 TOKYO 00849 210951Z

13

ACTION XMB-07

INFO OCT-01 EUR-25 EA-11 ISO-00 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 INT-08 DRC-01

STR-08 SSO-00 NSCE-00 INRE-00 SS-20 NSC-10 /160 W

----- 033249

O P 210904Z JAN 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 4394

INFO AMEMBASSY SEOUL PRIORITY

AMEMBASSY VIENNA PRIORITY

LIMITED OFFICIAL USE TOKYO 849

PLEASE PASS EXIMBANK

EO 11652: NA

TAGS: BEXP EFIN JA

SUBJ: 125 MILLION DOLLAR U.S. EXPORT OPPORTUNITY: STEEL MILL FOR
ROK

SUMMARY: POHANG IRON AND STEEL CO., LTD. (AN ROKG CORPORATION)
INTERESTED IN PURCHASING COLD ROLLING MILL, BLAST FURNACE FROM
U.S. TOTAL VALUE 125 MILLION DOLLARS. REQUEST EXIMBANK VIEW
RE POSSIBLE CEILING EXIMBANK FINANCING FOR ROK. END SUMMARY.

1. IN DISCUSSIONS WITH TAKESI SAKURAI OF MITSUBISHI CORPORATION,
EMBASSY LEARNED THAT POHANG IRON AND STEEL CO., LTD., PLANNING
MAJOR ADDITION TO ITS COMPLETED STEEL MILL IN KOREA. PRESENT
CAPACITY NOW ONE MILLION METRIC TONS CRUDE STEEL PER YEAR. NEW
TOTAL CAPACITY WOULD BE 2.6 MILLION TONS.

2. TOTAL VALUE PLANT ADDITION MORE THAN 300 MILLION DOLLARS. GOJ
TO EXTEND 45 MILLION DOLS, PLUS 40 MILLION DOLS FROM GOJ'S REMUN-
ERATION FUND, FOR TOTAL GOJ PARTICIPATION 85 MIL DOLS. ROK
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TOKYO 00849 210951Z

APPROACHING AUSTRIAN EQUIPMENT BUILDING CO. (VOERST) WHO WILLING

FINANCE 100 MILLION TOLD. THUS, 115 MIL DOLS NEEDED FROM OTHER SOURCES. ENTIRE PROJECT TO BE GUARANTEED BY ROKG.

3. POHANG IRON AND STEEL CONSIDERING PURCHASE OF COLD ROLLING MILL FROM MESTA CORP. (PITTSBURGH) VALUED AT ROUGHLY 90 MIL DOLS. ALSO BLAST FURNACE FROM KOPPERS CORP (U.S.) WORTH ABOUT 35 MIL DOLS. TOTAL U.S. POTENTIAL PORTION OF STEEL MILL FACILITIES: 125 MIL DOLS. POHANG PLANNING APPLY U.S. EXIMBANK PRELIMINARY COMMITMENT WITHIN THREE WEEKS, CONCERNED THAT EXIMBANK MAY HAVE CEILING ON FINANCING TO KOREA. POHANG CONSIDERS U.S. SOURCES BLAST FURNACE VITAL. THUS, IF U.S. PORTION OF DEAL AS OUTLINED ABOVE OVER CEILING, COLD ROLLING MILL WOULD GO TO OTHER (EUROPEAN) SOURCES.

4. COMMENT: ORIGINAL MILL COMPLETELY JAPAN-SOURCED. NEW PART WAS ALSO TO BE JAPANESE, BUT ECONOMICS AND POLITICS RESULTED IN SHIFT IN SOURCING. ACCORDING SAKURAI, GOJ CUT 90 MIL DOLS FROM THIS PROJECT IN VIEW OF RECENT KIM CASE. PM TANAKA, MITI MIN NAKASONE AGAINST CUTBACK; FONMIN OHIRA IN FAVOR. ON ECONOMIC SIDE, CURRENT INFLATION IN JAPAN RESULTED IN MAKING JAPANESE BLAST FURNACE OVER THIRTY PERCENT MORE EXPENSIVE THAN U.S. EQUIVALENT.

5. ACTION REQUESTED: MR. SAKURAI PLANS VISIT MESTA CORP SATURDAY, JAN 26. WOULD APPRECIATE RECEIPT EXIMBANK'S VIEW RE LIMITATION OF FINANCING TO KOREA BY FRIDAY JAN 25.
SHOESMITH

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: STEEL, PROCUREMENT, VISITS, DEVELOPMENT FINANCE, ROLLING MILLS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TOKYO00849
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740126/aaaaayqu.tel
Line Count: 88
Locator: TEXT ON-LINE
Office: ACTION XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 21 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 MAR 2002 by worrelsw>; APPROVED <11 APR 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: 125 MILLION DOLLAR U.S. EXPORT OPPORTUNITY: STEEL MILL FOR ROK
TAGS: BEXP, EFIN, JA, XMB
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005